

STATE OF COLORADO

DIVISION OF HOUSING

Kathi Williams, Director

STATE HOUSING BOARD MEETING
Centennial Building
1313 Sherman St., Denver, CO, Room 318
Tuesday, June 10, 2008



AGENDA

1:00 p.m.	Convene SHB Meeting - Approval of Minutes	Theo Gregory
	Director's Comments	Kathi Williams

Application Presentations

<u>Time</u>	<u>Project #</u>	<u>Project Name and Applicant</u>	<u>Presenters</u>
1:15 p.m.	08-012	Volunteers of America National Service Casa de Rosal Apartments	Rick Hanger & Troy Gladwell
1:30 p.m.	08-061	Town of Fowler / Tri-County Housing and CDC Housing Rehabilitation Program	Rick Hanger & Ramona Stites
1:45 p.m.	08-062	Arkansas Housing Development Corporation, Inc. Prairie Sage Subdivision	Ann Watts & Sharon McKinsey
2:00 p.m.	08-065	Grand County Housing Authority Cliffview Apartments Rehabilitation	Denise Selders & James Sheehan

Approval Process

2:15 p.m.	08-012	08-061	08-062	08-065
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Other Business

2:30 p.m.	Update on the Disaster Relief Center in Windsor	Teresa Duran
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Reasonable accommodation will be provided upon request for persons with disabilities. If you are a person with a disability who requires an accommodation to participate in this public meeting, please notify Trang Van at (303) 866-5657 by June 9, 2008.

cc:	Susan Kirkpatrick	CHATS	Teresa Duran	Kathi Williams
	Rick Hanger	Lynn Shine	Steve Bernia	State Housing Board Members

STATE HOUSING BOARD MINUTES
Colorado Division of Housing
1313 Sherman St., Denver, CO, Room 318
Tuesday, May 13, 2008

BOARD MEMBERS PRESENT: Theo Gregory, Sally Hatcher, Jack Kelly, Mike Rosser and Karen Weitkunat; Via Telephone – Suzanne Anarde and Gene Lucero.

BOARD MEMBERS ABSENT: None.

DOH STAFF PRESENT: Kathi Williams, Rick Hanger, Teresa Duran, Ann Watts, Doug Selbee, Autumn Gold, Meghan Duggins, Denise Selders, Robert Thompson and Trang Van

CALL TO ORDER: The meeting was called to order by Theo Gregory at 1:00 p.m.

APPROVAL OF MINUTES: Minutes of the April 2008 meeting were approved.

DIRECTOR'S COMMENTS

The legislature adjourned so we know whether we were winners or losers in this last session and for the most part, we were winners.

- The budget request that went in from the Joint Budget Committee and the Governor's office was for \$1.123 million. The Joint Budget Committee increased that by \$1 million so we are at \$2 million for this upcoming year. The Governor has not signed the budget bill yet, but there shouldn't be any problems with it. It should be a done deal at this point.
- In previous meetings, Director Williams had mentioned a Manufactured Housing Bill in which man camp units were being brought into the state that didn't seem to come under any clear jurisdiction. The private industry decided that it would be good if it came under the Division of Housing rather than every separate jurisdiction. A bill did go through confirming that and we will be receiving \$1.7 million in that particular bill to take care of the additional load.
- There was a Foreclosure Bill in the last day of the session. The original thought on this particular bill was carried by Representative Gagliardi and Representative Ferrandino to put a thirty to ninety day moratorium on foreclosure if they had entered into the housing

counseling or mediation process. The Bill ended up giving the Division of Housing \$100,000 additional to do outreach to individuals who need foreclosure counseling. There is also now a mandatory notification that the lenders need to give thirty days prior to foreclosing or filing a foreclosure action on a property along with the foreclosure hotline number.

- The Warranty of Habitability Bill ended up being a surprise at the end. It didn't seem like it had support even though we had had a mediated process over the summer and winter months. Surprisingly enough, it was passed through the House and Senate. It was a quite watered down version of what had been agreed on by all of the parties, but we will have a warranty of habitability for the first time in 30 years.
- It had been decided early on that the Division of Housing needed to have energy efficiency standards that were approved by the state architect. We felt that this was inappropriate because our board setting the policy should have been enough. The state architect agreed that he didn't have any real expertise in anything but state buildings. Therefore, now the State Housing Board will be setting policies for energy efficiency for the Division of Housing.

Since the last time we met, we've had two community meetings. One with Local Governments affected by foreclosures and we feel that meeting was very successful. It's very obvious that Local Governments are encouraging our participation and help in trying to mitigate foreclosures. The other is a community meeting about our funding process. It was in a format so that everyone now begins to understand the challenges we are facing with funding.

APPLICATIONS REVIEWED IN MAY

Denver Housing Authority
Park Avenue Block 4B

Project Number: 08-051

Project Manager & Address:

Ismael Guerrero, Executive Director
The Housing Authority of the City and County of Denver (DHA)
777 Grant Street
Denver, CO 80203
720.932.3105

Andrea Davis, Development Financial Analyst
The Housing Authority of the City and County of Denver (DHA)
777 Grant Street
Denver, CO 80203
720.932.3136

Project Address: 350 Park Ave. West, Denver, CO 80205

Project Description: The Housing Authority of the City and County of Denver requests a reallocation of \$705,500 from the *Lincoln Park 57 project to their Park Avenue 4B project. The funds would be used to cover new construction costs associated with Phase 4B of the Park Avenue Redevelopment Project. Block 4B is the fourth of five development phases of the Hope VI Park Avenue project(s). CDOH has previously contributed funds to the Park Ave 1B and 3B projects. The 4B projects consist of two wood frame buildings over concrete parking with 1, 2, and 3 bedroom layouts. Both buildings contain elevators and all the upper units have balconies. Amenities include washer/dryer, CAT 5 wiring and cable wiring. The unit mix is listed below; the HOPE VI configuration contains an income mix of market rate, affordable and public housing units.

** The Denver Housing Authority was awarded a CDOH grant of \$800,000 to purchase, rehabilitate and preserve the Lincoln Park scattered site, Section 8 project based property and the Section 8 projected based rental assistance. The scattered site property consists of 16 buildings covering 57 units, with 1, 2, 3, and 4 bedroom units all at 30% of AMI and 1 commercial building. The properties range from 509 sq ft to 1216 sq ft. with a mixture of single-family units, duplexes, townhomes and smaller apartment buildings built between 1885 and 1923. The property was at risk of foreclosure from the previous owner and loss of Section 8 assistance due to disrepair and inability to pass the HUD REAC assessment. The City of Denver requested DHA to purchase the property to preserve affordable units and the Section 8 assistance. This project went to the State Housing Board November of 2005, received an award letter January of 2006, and had a contract execution in September of 2007. DHA did not request a draw of funds for this project until the first quarter of 2008.*

Staff Recommendation: Full funding of this project at \$705,500 (HOME funds currently committed to DHA for 06-019 – Lincoln Park 57) with the following term; DHA agrees to complete 06-019 – Lincoln Park 57 per the original CDOH contract and use covenant terms (CDOH will provide the remaining \$94,500 HOME funds through the original open contract to this project) and that no additional CDOH funds will be provided for 06-019 – Lincoln Park 57 project completion

Date of Meeting: May 13, 2008

Anarde	Full Funding	Lucero	Full Funding
Gregory	Full Funding	Rosser	Full Funding
Hatcher	Full Funding	Weitkunat	Full Funding
Kelly	Full Funding		

The Board approved full funding per Staff Recommendation for this project.

**Larimer County / Loveland Housing Development Corp.
Down Payment Assistance Program**

Project Number: 08-055

Project Manager & Address:

Nina Baumgartner
CDBG Program Manager
Larimer County HHS Division
1525 Blue Spruce Dr.
Fort Collins, CO 80524
(970) 498-6875 telephone
(970) 498-6845 fax
nbaumgartner@larimer.org

Amy Irwin
Home Ownership Program Manager
Housing Authority of City of Loveland
375 W. 37th St., Suite 200
Loveland, CO 80538
(970) 635-5931 telephone
(970) 278-9904 fax
airwi@lovelandhsg.org

Project Address: Various in Larimer County (outside of the City of Fort Collins)

Project Description: Larimer County requests a grant for \$738,600 on behalf of the Larimer Home Ownership Program (LHOP), which is administered by the Housing Authority of the City of Loveland (HACOL), in continuance of their existing down payment assistance program. These grant funds are for a two (2) year period and will be used to provide (seventy-eight) 78 low-interest loans to assist first-time buyers earning less than 80% AMI in the purchase of homes located in non-entitlement areas of Larimer County. Fort Collins operates its own program within the city limits. Neighbor to Neighbor (N2N) in Fort Collins provides a HUD and CHFA certified homebuyer education class which is required of all buyers. N2N also provides pre- and post-ownership counseling to buyers, as well as a Mortgage Default Counseling Program.

Staff Recommendation: Full Funding

Date of Meeting: May 13, 2008

Anarde	Full Funding	Lucero	Full Funding
Gregory	Full Funding	Rosser	Full Funding
Hatcher	Full Funding	Weitkunat	Full Funding
Kelly	Full Funding		

The Board approved full funding for this project.

OTHER BUSINESS

- **Competitive Application Process Discussion – Rick Hanger**
 - Due to limited funds from this point forward, DOH needs to establish a competitive process and funding priorities.
 - Current funding priorities include:
 - Local Housing Needs Assessment
 - Special Needs Housing (Elderly, Disabled, Homeless)
 - Preservation of existing units with expiring rental assistance or use covenant.
 - Areas with above average increases in population and or housing costs.
 - Other competitive application ideas:
 - Only reviewing complete applications
 - Allow applicants 2 weeks to remedy incomplete applications.
 - Set a maximum award amount and/or a maximum subsidy per unit amount.
 - Continue to nurture all projects by maintaining flexibility.
 - Set minimum required local match in all entitlement areas.
 - CDOH should provide gap funding only.
 - We need to determine timing of the applications.
 - Currently, applications are accepted monthly.
 - DOH is proposing to accept certain types of applications at certain times.
 - This will allow the SHB to compare similar projects to one another.
 - This will be a discussion to gather feedback from staff and the SHB members.
 - Once a final plan is established, it will be presented to the SHB for final approval

The meeting adjourned at 3:15 p.m.

JUNE PRESENTATIONS

Name: Volunteers of America National Services
Casa De Rosal Apartments

Project Number: 08-012

Project Manager & Address:

Ms. Jennie Rodgers
Community Strategies Institute
3477 West Hayward Place
Denver, Colorado 80211
303-668-2534 telephone
866-415-1179 fax
jennie@csicolorado.org

Charles W. Gould, President
Volunteers of America National Services
1660 Dike Street
Arlington, VA 22314
703-341-5000 telephone
703-342-7002 fax

Project Address: 735 and 755 Vrain Street, Denver, CO



Project Description: The Volunteers of America National Services (VOANS) is requesting a 0%, \$450,000 loan for three years from the State Revolving Loan fund for the construction of a 54 unit senior rental development of approximately 41,850 SF of living space in Denver, Colorado. This loan will be repaid from a combination of a VOA land loan and an additional tax credit equity allocation from CHFA (the applicant has indicated that they will also compete for new State HOME funds for this project when available). The project is located at 735 and 755 Vrain Street and includes; a laundry room, exercise room, community room and management office. The project is a partnership between Vrain Housing 2005, LLC and Volunteers of America National Service. The Volunteers of America will provide case management services and property management services for this project. Vrain Housing 2005, LLC will provide the project development and construction management for this project. On-site case management services will be provided to Casa De Rosal households, as well as, households living in the existing Casa Dorado Apartments next door.

AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person households in Denver County)
<u>CDOH RLF-Assisted Units</u> (0) 1BR, (3) 2BR	3	≤ 60% of AMI (\$43,080)
<u>Other Affordable Units</u>		
(6) 1BR, (6) 2BR	12	≤ 30% of AMI (\$21,550)
(9) 1BR, (9) 2BR	18	≤ 40% of AMI (\$28,720)
(9) 1BR, (9) 2BR	18	≤ 50% of AMI (\$35,900)
(3) 1BR, (0) 2BR	3	≤ 60% of AMI (\$43,080)
<u>Total Units</u>	54	

PROJECT BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition	\$1,067,651	\$450,000	\$617,651	Tax Credit Equity	Committed
Appraisal & Market Study	\$11,500		\$11,500	Tax Credit Equity	Committed
Architect/Engineering	\$408,525		\$408,525	Tax Credit Equity	Committed
Building Permit & Tap Fees	\$311,455		\$311,455	Tax Credit Equity	Committed
Construction	\$6,981,676		\$1,111,600	CHFA mortgage	Committed
			\$490,000	Denver NDS	Committed
			\$450,000	FHLBB	Pending
			\$4,930,076	Tax Credit Equity	Committed
Contingency	\$544,163		\$544,163	Tax Credit Equity	Committed
Construction Loan Expenses	\$460,565		\$460,565	Tax Credit Equity	Committed
Perm Loan Expenses	\$164,017		\$164,017	Tax Credit Equity	Committed
Operating Reserve	\$310,000		\$310,000	DDHS, tax credits	Committed
Developers Fee	\$1,038,201		\$586,295	Deferred Developer Fee	Committed
			\$451,906	Tax Credit Equity	Committed
Marketing	\$155,408		\$155,408	Tax Credit Equity	Committed
Totals	\$11,453,161	\$450,000	\$11,003,161		

PROJECT ASSESSMENT FOR Rental/New Construction

Criteria	Project Data	DOH Range
Building Cost		
Cost/sq. ft.	\$212,336/UNIT / \$202/SF	\$120 to \$180
Hard Cost/Unit/Sq.Ft.	\$145,135/UNIT / \$138/SF	\$95 to \$140
Soft Cost/Unit/Sq. Ft.	\$49,146/UNIT / \$47/SF	\$25 to \$40
Land Cost/unit	\$18,056	\$10,000 to \$18,000
Hard/Soft Cost	75% /25 %	
Cost Effectiveness		
DOH subsidy/unit	\$8,333	\$4,000 to \$10,000
Cost Person Rating	\$1,887 / 40 years/ 5	1 to 10 Scale
Externality Rating	8	1 to 10 Scale
Rent Savings Rating	62% / 10	1 to 10 Scale
Financial Leveraging Rating	10	1 to 10 Scale
Composite Score	33	
Operating Cost		
PUPA	\$4,209	\$3,700 to \$4,700
Annual Replacement Reserve	\$300	\$300 (\$250 for seniors)
Debt Coverage Ratio	1.20	1.10 to 1.20
Capitalized Operating Reserve	\$310,000 = 12.2 months	4 months debt & operating
Financial Commitments		
Terms of Primary Financing	(CHFA) –6.10%, 35 year term	
P.V. Tax Credits	\$.885	\$.85 to .95
Other Criteria		
# of Fully Accessible Units	3 units & 5% of Units	5% of Units Minimum
# of Visitable Units	54 & 100% of Units	All units Encouraged
# of Energy Star Units	Units will receive E-Star appliances, local & regional suppliers, project designer is LEED certified	Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	Yes	Follow Denver Water Board Recommendations
# of 30% Units	12 & 22% of Units	5% of Units Encouraged
DOH Requirements		
Priority	High Growth, Special Needs	
Eligibility Criteria	HOME, State RLF Fund	

Comments:

Management Capacity

Pro

1. Applicant has experience in this type of development and is using a contractor with experience in senior rental development of the same type.

Con – None.

Public/Private Commitment

Pro

1. Project is well supported by the City of Denver HNDS Division and recently received a necessary zoning change on a unanimous vote from the Planning Commission.

Con – None.

Market Demand

Pro

1. Affordable senior housing developments in Denver are generally leased up and experience a high and growing demand. Senior developments are generally also the most accepted affordable housing developments in neighborhoods. A similar project in the area showed a quick lease up rate.

Con – none.

Explain Variances from ranges: The total development cost is above the CDOH range due to the higher than range soft costs. Soft costs for this project are due to the expenses involved in a 9% tax credit deal including attorney fees and a capitalized operating and debt service reserve.

Other Projects funded in Denver County since 5/07:

- VOA - Lawrence Place Apartments, \$225,000 grant
- Newsed CDC, Inc. -Jody Apts, \$500,000 grant
- The Empowerment Program, Inc. - Mariposa House, \$245,170 grant
- Senior Support Services - Senior Studio Apartments, \$316,263 grant
- Colorado Coalition for the Homeless – Riverfront Apartments, \$1,000,000 grant
- Rocky Mountain HDC – Cornerstone Apartments, \$500,000 grant
- Denver Housing Authority, Hope VI Park Ave. Block 4B Apartments, \$705,000 grant

Other Volunteers of America National Service projects since 5/07:

- None

Denver County AMI: \$71,800

Staff Recommendation: Full funding of a State RLF loan of \$450,000 at 1% interest, with deferred payments, due in 3 years.

Date of Meeting: June 10, 2008

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	
Kelly			

CDOH's Revolving Loan Fund (Paraphrased from State Housing Board Resolution #27)

The Home Investment Trust Fund program exists to provide short-term loans to assist public housing authorities, non-profit corporations and local governments in developing housing for low or moderate-income persons. Examples of eligible costs include land or property acquisition, professional fees, or materials and/or labor associated with rehabilitation or new construction.

A loan committee, composed of members of the Housing Board, reviews applications to determine adequate collateral and demonstration of repayment ability. Priority is given to projects that serve low-income persons, benefit the local economy through job creation or economic development, leverage private and federal dollars, and include energy conservation measures.

Some key guidelines include:

- Applicants will be required to furnish collateral security in such amounts and in such form as the Housing Board determines to be necessary to assure the repayment of the loan, loan processing fee and the accrued interest.
- Applicants must demonstrate at the time of application their proposed method of repaying the loan within the term described in the proposal.
- Interest rates of the loans will range from a low of one percent (1%) to a maximum of two percent (2%) over the Prime Rate
- The term of the loan will not exceed seven (7) years unless otherwise determined by the Board who has the authority to extend or renew a loan
- Loan processing fees will range from a low of zero percent (0%) to a maximum of three percent (3%) of the loan amount.
- The Housing Board has full authority in the approval of these short-term loans.

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Casa de Rosal

Spreadsheet directions are to the right ---->

Date: 6/2/2008

Applicant: Volunteers of America PAGE #1

Spreadsheet Version: Application Operating Proforma

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent			
					0	Administrative Expenses		
						Management Fee	25,000	7.40%
1Br/1Ba	30%	6	675	337	24,264	On-site Personnel Payroll	33,190	
1 Bdrm	40%	9	675	472	50,976	Health Ins. & Benefits	11,810	
1 Bdrm	50%	9	675	555	59,940	Legal & Accounting	13,954	
1 Bdrm	60%	3	675	632	22,752	Advertising	6,460	
2 Bdrm	30%	6	875	394	28,368	Office Supplies	1,595	
2 Bdrm	40%	9	875	555	59,940	Telephone	1,200	
2 Bdrm	50%	9	875	612	66,096	Part Time Service Coordinator	15,000	
2 Bdrm	60%	3	875	713	25,668	Other admin expenses	2,291	
					0	Total Administrative Expenses	110,500	32.69%
					0	Operating Expenses		
					0	Utilities (owner paid)	19,975	
					0	Trash Removal	3,025	
					0	Fire & Liability Insurance	19,400	
					0	Other		
					0	Total Operating Expenses	42,400	
	Total units	54	Total Rent Income		338,004	Maintenance		
	Total sq ft	41,850				Maintenance/Repairs	32,350	
			Parking Income		0	Repairs		
			Laundry Income		5,400	Grounds (inc. snow removal)	6,050	
			Other Income		0	Elevators	3,600	
			Total Income		343,404	Total Maintenance	42,000	
	Vac. Rate	0.07	Less Vacancy		-24,038	Real Estate Taxes	16,200	
			Effective Gross Income		319,366	Operating Reserve		unit avg. = 0
						Replacement Reserve	16,200	unit avg. = 300
			DEBT SERVICE			TOTAL ANNUAL EXPENSES	227,300	
			1st Mortgage		(76,957)	NET OPERATING INCOME	92,066	
			2nd Mortgage		0	P.U.P.A. Expenses *	4,209	
			3rd Mortgage		0			
			TOTAL DEBT SERVICE		(76,957)			
	BEP	90.02%	Poss D/S @ 1.1 DCR		83,696			
			Project Debt Coverage Ratio		1.196			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

* P.U.P.A = Per Unit Per Annum Expenses

Name: Town of Fowler
Housing Rehabilitation Program

Project Number: 08-061

Project Manager & Address: Ms. Ramona Stites
Tri-County Housing and Community Development Organization
P.O. Box 87
Fowler, Colorado 81039
(719) 263-5168
Fax (719) 263-5460
monie@tchcdc.org

Project Address: Various



Project Description: The Town of Fowler, on behalf of the Tri-County Housing and Community Development Organization (TCHCDC), is requesting a grant of \$449,110 to continue the funding of their three-county (Bent, Crowley and Otero) Single-family, Owner-Occupied Housing Rehabilitation Program for households at 80% of Area Median Income or less. The current contract for this program ends on June 30, 2008. The new grant funds will be used to provide low-interest loans for 35 rehabilitation projects and 15 essential repairs. This SFOO Rehabilitation Program has received funding from the Colorado Division of Housing since 1991 and has completed the rehabilitation of over 285 owner-occupied homes.

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Rehabilitation	\$544,000	\$306,000	\$100,000 \$25,000 \$30,000 \$21,000 \$12,000 \$50,000	Revolving Loan Fund Rural Development RLF FHLLB Rural Development HPG Local Communities (i) Medicaid	Committed Committed Pending Pending Pending
Essential Repairs	\$30,000		\$23,800 \$1,200 \$5,000	Revolving Loan Fund Local Communities Medicaid	Committed Committed Pending
General Admin.	\$51,130	\$44,130	\$7,000	(iii) Local Communities (iv)	Committed
Direct Admin.	\$107,530	\$98,980	\$5,250 \$3,300	Local Communities Medicaid	Committed Pending
Totals	\$732,660	\$449,110	\$283,550		

Staff Allocation Plan

Staff Position	Total Salary & Fringe	Down Payment Assistance Program	Operations	Multi-Family Properties	Single-Family Programs	Community Development Activities
Executive Director	\$79,950		25%	10%	15%	50%
Program Manager	\$44,280	15%	10%		75%	
Intake Specialist	\$24,830	8%	5%		87%	
Accounting/ Human Resources	\$34,440		30%	5%	50%	15%
Property Manager	\$34,440	4%		96%		
Supervisor – MSH	\$37,060				100%	
Supervisor - Rehab	\$36,870				100%	
Totals	\$291,870					

PROJECT ASSESSMENT FOR HOUSING REHABILITATION

Criteria	Project Data	DOH Range
Rehabilitation Financing		
Value of Current Portfolio	\$2,836,464	
Number of Current Loans	236	
Number of Current Deferred Loans	60	allow up to 25% of loans to be deferred
Number of Current Amortized Loans	176	
Annual Program Income From Rehab Loans	\$135,809	
Loan Terms and Rates	1 – 5%, up to 30 years	0 % to commercial rate
% of All Program Costs Covered by Program Income	17%	
Rehabilitation Costs		
Average Cost of Rehabilitation	\$15,543	\$9,750 to \$25,000
Average Cost of Replacement Housing	None planned	\$25,000 to \$66,000
Average Emergency Repair Cost	\$2,000	
Market Information		
Number of Applicants on Waiting List	6	
Geographic Distribution of Projects (% population / % of completed projects)	Bent – 20%/15% Crowley – 18%/10% Otero – 62%/75%	Percentages should be similar
Eligibility Criteria	HOME, State RLF Fund	

Comments:**Management Capacity*****Pro:***

1. TCHCDC hired a new Executive Director in October 2007 that has extensive affordable housing program background. Since October 2007, TCHCDC has reduced staff and completed a two-year Strategic Plan with the assistance of RCAC and Neighborworks. Current staff has the management and technical capacity to continue to provide this Program.
2. In the past year, TCHCDC exceeded the previous year's production by one rehabilitation unit and met the production goal of 20 essential repairs.
3. TCHCDC and the Colorado Division of Housing developed and implemented a plan in October 2007 to repay the unauthorized local Revolving Loan Fund (RLF) transfers. To date, TCHCDC has repaid approximately \$64,000 to the local RLF with a remaining balance of approximately \$231,000 to be repaid. This includes a minimum payment of \$1,000/month specifically to repay the RLF transfers used for operating expenses.

Con:

1. Tri-County Housing and CDC did not fully make the production goals set in the current contract (39 rehabilitation units completed/40 planned). Based on this reduced actual production and increased construction costs, TCHCDC has reduced the planned number of units for this project request.

Public/Private Commitment***Pro:***

1. Counties and cities in the region are contributing a total of \$25,450 to assist with housing rehabilitation activities and salaries for this Program.

Con: None.

Market Demand***Pro:***

1. Tri-County Housing, Inc. has consistently maintained a waiting list for the rehabilitation program and currently has 6 applicants on their waiting list.
2. The 2005 Housing Needs Assessment indicates that the repair and renovation of existing homes in the TCHCDC market area remains an important priority for the region.

Con:

1. The percent of production is less than the percent of population for Bent and Crowley Counties. Tri-County will continue to market this program through various means to increase production levels in Bent and Crowley Counties.

- Explain Variances from Ranges: No variances from the range.

Other Projects funded in Bent, Crowley and Otero Counties since 5/07:

- Self-Help Housing Rehabilitation Program, \$209,900 – 10/07
- Down Payment Assistance Program, \$61,880 – 4/08

Other Town of Fowler/TCHDC funded projects since 5/07:

- Self-Help Housing Rehabilitation Program, \$209,900 – 10/07
- Down Payment Assistance Program, \$61,880 – 4/08

Bent County AMI: \$40,500 **Crowley County AMI:** \$39,300 **Otero County AMI:** \$43,200

Staff Recommendation: Full Funding

Date of Meeting: June 10, 2008

Anarde		Kelly	
Hatcher		Lucero	
Gregory		Rosser	
Weitkunat			

Name: Prairie Sage Subdivision

Project Number: 08-062

Project Manager & Address: Sharon McKinsey
Regional Housing Development Director
Upper Arkansas Area Development Corp.
P.O. Box 510
Canon City, CO 81215-0510
Telephone: (719) 269-7687
Fax: (719) 275-2907
Email: housing@uaacog.com

Project Photo:



Project Address: 845 N. Reynolds, Canon City

Project Description: The Upper Arkansas Area Development Corp. (UAADC) requests a grant of \$372,080 to acquire 34 finished lots in an approved PUD in Canon City, which is in Fremont County. The seller has not yet begun the infrastructure for the lots, but will once UAADC secures all of its funding commitments. Once they are complete, UAADC will purchase all of the lots. UAADC will develop for-sale homes on the lots, primarily through their Mutual Self-Help Housing program, over the next 3-4 years. As the homes are completed, UAADC will pass on CDOH funds to the buyers, and will secure them as deferred second mortgages on the homes. When the homes eventually sell, homeowners will repay the CDOH funds back to UAADC and they will be invested in a revolving loan fund for future, similar projects.

Mutual Self-Help Housing is a USDA – Rural Development funded program used primarily to help very low- and low-income households (below 80% AMI) construct their own homes. Families participating in a mutual self-help project perform approximately 65% of the construction labor on each other's homes under qualified supervision. The savings from the reduction in labor costs allows otherwise ineligible families to own their homes. Families must be unable to obtain credit elsewhere, yet have reasonable credit histories. RD provides loans for up to 33-38 years, with payment assistance to reduce the interest rate to as low as 1%. The amount of subsidy is determined by the family's AMI, so that the family pays from 22 to 26 percent of their income for principal, interest, taxes, and insurance (PITI). There is no required down payment. The homes must be modest in size, design, and cost. RD used to require them to be E-Star certified. Although that certification is no longer required, UAADC still builds homes to that standard.

AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person households in Fremont County)
<u>CDOH CDBG-Assisted Units</u> (3) 2-3BR	3	≤ 80% of AMI (\$43,100)
<u>Other Affordable Units</u> (31) 2-3BR	31	≤ 80% of AMI (\$43,100)
<u>Total Units</u>	34	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Land Acquisition	982,000	372,080	609,920	Lot sales/RD Mortgages	pending
Developer's Fee	302,766		302,766	Lot sales/RD Mortgages	pending
Due Diligence	17,500		17,500	RD Mortgages	pending
Tap Fees	314,500		314,500	RD Mortgages	pending
Home Construction	2,480,114		2,480,114	RD Mortgages	pending
Home Owners' Labor	1,106,700		1,106,700	Sweat equity	pending
Contingency	102,000		102,000	RD Mortgages	pending
Landscaping	102,000		102,000	RD Mortgages	pending
Construction Loan Origination	60,000		60,000	RD Mortgages	pending
Taxes During Construction	30,000		30,000	RD Mortgages	pending
Closing Costs	68,000		68,000	RD Mortgages	pending
Totals	5,565,580	372,080	5,193,500		

PROJECT ASSESSMENT FOR SUBDIVISION DEVELOPMENT

Criteria	Project Data	CDOH Range
(b) Downpayment Financing	(c)	(d)
Number of loans	34	
From Program Income	N/A	
From New Grant	34 @ \$10,944 each	4.5% of FHA Limit
Homebuyers Equity	\$0, per RD regs	1% or \$1,000
Qualifying Mortgage @ 80% AMI	\$154,000 for 4-person family	80% of AMI income
Market Area Summary		
No. of affordable homes for sale	36 priced \$130,000 – \$154,000	
Average price of homes for sale	\$140,000 in February 2008	
FHA Mortgage Limit	\$271,050	
Site Development		
Per Site Cost	\$28,882 before CDOH funds	
Land Acquisition/Site	\$28,882	\$6,000 to \$12,000
Onsite Improvements/Site	\$0	
Offsite improvements/Site	\$0	
Unit Purchase Price	\$120,200 after CDOH funds & sweat equity	95% of FHA Limit
Mortgage Term		
Source	USDA – RD	
Mortgage terms & rates	33-38 year term Interest rate subsidized as low as 1%, based on family's income	
Other Criteria		
Fully Accessible Units	Accessible floorplans available for homebuyers to choose	5% of Units Encouraged
Visitable Units	Accessible floorplans available for homebuyers to choose	All units Encouraged
Energy Star Units	Not certified, but will be built to that standard.	Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	Encouraged, not required	Denver Water Board Recommendation
CDOH Priority		
Priority		
CDOH Funding Eligibility	HOME, CDBG, HDG	

Comments:**Management Capacity****Pro:**

1. UAACOG's Mutual Self-Help housing program started in 1999, and has produced 84 units. The current UAACOG contract with RD is for 20 units with 8 remaining to be built. According to RD staff, UAACOG is likely to receive future funding for their Mutual Self-Help program, so long as the program continues to be funded by the federal government.
2. UAACOG has also run a Single Family Owner-Occupied Rehab since 1987, and a regional Section 8 program since 1984. UAACOG also provides homebuyer counseling (monthly workshops, one-on-one counseling, and foreclosure prevention) and has a small down payment assistance loan program.
3. UAADC plans to continue to work with Bill Simpson as their development consultant.

Con: None.

Public/Private Commitment**Pro:**

1. Prior to UAADC's involvement, the City had denied this PUD. For UAADC, the City allowed higher density by approving 20% smaller lot sizes and eliminating the requirement for green space. In addition, the City's Engineering Department completed fieldwork and redesigned the storm sewer system.
2. Canon National Bank will provide construction financing at a rate of 6.5% for 4 years.

Con: None.

Market Demand**Pro:**

1. According to a draft Housing Needs Assessment released in March 2008, ownership opportunities for households below 80% AMI are very limited – less than 1% of homes listed on the MLS.
2. According to CDOH's 1st Quarter Foreclosure Report, Fremont County saw 307 foreclosure filings in all of 2007, or 1 filing per 53 households. In comparison, El Paso County had 1 filing per 58 households.

Con: None.

Explain Variances from ranges:

- \$0 Down – USDA RD's Mutual Self-Help program does not require a cash downpayment. However, families contribute 65% of the construction labor on their homes. For UAADC's last group of 6 homes, they averaged \$32,550 of sweat equity each.
- Land Acquisition/Site is over the range because it is for finished lots that are ready to build on. A recent appraisal completed for a local bank for similar finished lots provided a value of \$45,000 a lot.

Other projects funded in Fremont County since 6/07:

- | | |
|----------------------------------------------------------------------|-----------|
| • 6/07 – UAACOG/Rehabilitation Program | \$195,400 |
| • 6/07 – UAACOG/Needs Assessment for Lake, Fremont & Custer Counties | \$47,000 |
| • 8/07 – UAACOG/Downpayment Assistance Program | \$67,035 |
| • 4/08 – UAADC/CHDO-CBDO Operating Funds | \$78,050 |

Other projects funded for UAADC since 6/07:

- 6/07 – UAACOG/Rehabilitation Program \$195,400
- 6/07 – UAACOG/Needs Assessment for Lake, Fremont & Custer Counties \$47,000
- 8/07 – UAACOG/Downpayment Assistance Program \$67,035
- 4/08 – UAADC/CHDO-CBDO Operating Funds \$78,050

Fremont County AMI: \$51,200**Staff Recommendation:** Full Funding**Date of Meeting:** June 10, 2008

Anarde		Kelly	
Hatcher		Lucero	
Gregory		Rosser	
Weitkunat			

Name: Cliffview Assisted Living Center - Rehabilitation

Project Number: 08-065

Project Manager & Address: James M. Sheehan
Executive Director
Housing Authority of Grand
P.O. Box 264
308 Byers Avenue
Hot Sulphur Springs, CO 80451
(970) 887-7271
Fax (970) 887-7272
jsheehan@co.grand.co.us

Project Photo:



Project Address: 710 Eagle, Kremmling, CO 80459

Project Description: The Housing Authority of Grand, Colorado requests a grant of \$160,926 to assist with the capital improvements / rehabilitation of Cliffview Assisted Living Center and to fund the start-up costs of a marketing program to attract new residents to the facility. Located in Kremmling, Cliffview consists of twenty-four (24) one-bedroom studio units with private bath, a commercial kitchen and common dining room, common areas for the use of the residents, a barber shop, two (2) respite rooms and offices for staff. The project serves elderly residents primarily from Grand County and the northeastern part of Summit County. The property is owned by the Housing Authority and it contracts with Senior Housing Options to staff and manage the facility and its programs.

AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (1-person households in Grand County)
<u>CDOH Assisted Units</u> (8) 1BR, Studio	8	(50% of AMI = \$23,750) *Note: <\$22,428 for Medicaid Benefits
<u>Market Rate Units</u> (16) 1BR, Studio	16	Unrestricted *Note: > \$35,000 for Market Rate
<u>Total Units</u>	24	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Existing Building (Estimated Value of Asset)	\$1,500,000		\$795,000	USDA Rural Development Loan	Existing Loan
			\$516,000	CO Division of Housing	Previously Funded
			\$189,000	Housing Authority of Grand	Estimated Owner's Equity
Capital Improvements / Rehabilitation	\$131,926	\$131,926			
Project Management	\$4,000	\$4,000			
Contingency	\$10,000	\$10,000			
Operating Reserve	\$30,000		\$30,000	Grand County Housing Authority (thru MOU)	Committed
Activities Program Director	\$10,000		\$10,000	Grand Foundation	Pending
Marketing	\$17,000	\$15,000	\$2,000	Cliffview 2008 Budget	Committed
Totals	\$1,702,926	\$160,926	\$1,542,000		

PROJECT ASSESSMENT FOR Rental Rehab

Criteria	Project Data	DOH Range
Building Cost		
Cost/Unit/Sq. Ft.	\$70,955 /Unit \$126.14 \$/SF	\$100 to \$140
Hard Cost/Unit/Sq. Ft.	\$68,414 /Unit \$121.62 \$/SF	\$90 to \$120
Soft Cost/Unit/Sq. Ft.	\$2,542 /Unit \$4.52 \$/SF	\$10 to \$20
Hard/Soft Cost	96% Hard 4% Soft	
Cost Effectiveness Rating		
DOH subsidy/unit	\$6,705 (This request) \$28,205 (All CDOH funds to date)	\$2,000 to \$10,000
Annual Cost/Person Rating	\$2,365 / 3 / 30 yrs	1 to 10 Scale
Externality Rating	10	1 to 10 Scale
Rent Savings Rating	N/A	1 to 10 Scale
Financial Leveraging Rating	10	1 to 10 Scale
Composite Score	23	1 to 40 Scale
Operating Cost		
PUPA	\$24,657 (includes meals and services)	\$3,700 to \$4,700
Annual Replacement Reserve	\$168	\$300
Debt Coverage Ratio	1.126	1.10 to 1.20
Capitalized Operating Reserve	\$30,000	4 months debt & operating costs
Financial Commitments		
Terms of Primary Financing	5.25% / 40 years	USDA RD Loan
P.V. Tax Credits	N/A	\$.85 to .95
Other Criteria		
Fully Accessible Units	24 / 100%	5% of Units Encouraged
Visitable Units	24 / 100%, plus all common facilities	All units Encouraged
Energy Star Units	None – Built in 1994	Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	Yes	Denver Water Board Recommendation
30% AMI Units	None designated; 8 Medicaid Units	5% of Units Encouraged
DOH requirements		
Priority	Special Needs, Preserving Affordable Housing Units, High Growth	
CDOH Funding Eligibility	CDBG, HOME, HDG	

Comments:

Management Capacity

Pro:

1. The Housing Authority of Grand owns 3 senior properties – Cliffview Assisted Living in Kremmling, the Silver Spruce Apartments located next to Cliffview, and the Grand Living Senior Homes located in Granby – all of which are managed by Senior Housing Options (SHO). The Housing Authority also owns The Fox Run Apartments, a low-income housing tax credit property located in Fraser.
2. SHO has managed Cliffview since its inception in 1994. While the overall management has been well received, the market study recommended that a change in staffing would be beneficial to the community. This staffing change has already been implemented. The new Co-Directors of the facility are SHO two staff members (one is a Registered Nurse and the other is an administrator).

Con: None.

Public/Private Commitment

Pro:

1. Cliffview was built in 1994 with a \$795,000 community facilities first mortgage loan from USDA Rural Development at 5.25% for 40 years. Monthly payments of principal and interest are \$3,967. The current principal balance on the loan is \$695,130. Due to the type of RD loan, this cannot be re-amortized over a longer period in order to reduce the monthly payments. The Division of Housing also provided a CDBG grant of \$516,000 to the Town of Kremmling in 1994.
2. The Grand County Commissioners and the Town of Kremmling have a high level of commitment towards the ongoing viability of Cliffview. The County Commissioners have provided financial assistance to cover operating costs in the past year during the high vacancy period.
3. Due to the cashflow problems experienced during recent periods of high vacancy, USDA RD has allowed the Housing Authority to use a portion of the replacement reserves to help cover operating costs. The current reserve balance is \$16,622. The Housing Authority has committed \$30,000 of its 2008 budget, which is funded through a Memorandum of Understanding, to create an Operating Reserve for the future.

Con: None.

Market Demand

Pro:

1. Cliffview has experienced varying occupancy rates in the past 3 years with peak occupancy occurring in August of 2006. Declining occupancy rates began in November of 2006, and have continued to remain around the 70% occupancy rate since. In October of 2007, the Division of Housing provided \$16,810 in CDBG funds to procure an in-depth market analysis focused on assisted living centers. The study completed by The Highland Group shows that the demographics trend towards an increase in demand for assisted living in Grand County. However, it also concluded that Cliffview needs some capital improvements such as new carpeting, re-painting both interior and exterior, enhanced lighting in some areas, and improved air circulation in order to improve its marketability. It also suggested that a new image be developed that changes the public perception from that of a skilled-care nursing home to that of an assisted living community.

2. The market study shows that the number of households over 75 years of age in Grand County and half of Summit County (the Cliffview Primary Market Area) is expected to increase by 55% by 2010 and another 53% by 2015. It is anticipated that the need for assisted living properties in the PMA will grow proportionately. The average age of the current residents at Cliffview is 89 years old, which is older than other assisted living centers in Colorado.

Con: None.

Explain Variances from Ranges:

- The PUPA is higher than the range due to the fact that it includes meals and other personal care services. There are 13 on-site staff, although some are part-time employees.
- Hard costs are slightly above the range as the value of the land and the original soft costs are included in the value of the existing building in this budget.
- Soft costs are below the range as the original soft costs are included in the existing building value in this budget.

Other projects funded in Grand County since 5/07:

- 6/07 - Grand County, Housing Needs Assessment & Cliffview Market Study, grant \$64,210
- 5/07 - Mountain Family Center, ESG grant \$6,640

Other projects funded for Grand County Housing Authority (applicant) since 5/07:

- 6/07 - Grand County, Housing Needs Assessment & Cliffview Market Study, grant \$64,210

Grand County AMI: \$67,800

Staff Recommendation: Full Funding

Date of Meeting: June 10, 2008

Anarde		Kelly	
Hatcher		Lucero	
Gregory		Rosser	
Weitkunat			

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: **Cliffview Assisted Living Center**

Spreadsheet directions are to the right ---->

Date: 6/4/2008

Applicant: **Housing Authority of Grand County, Colorado**

PAGE #1

Spreadsheet Version: **Application** **Operating Proforma**

STABILIZED FIRST YEAR INCOME						EXPENSES	
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses	
					0	Management Fee	36,515
1Br/1Ba	medicaid	8	320	2,053	197,088	On-site Personnel Payroll	336,264
1Br/1Ba	private pay	16	320	2,600	499,200	Health Ins. & Benefits	75,337
				*SEE NOTE	0	Legal & Accounting	4,966
				BELOW	0	Advertising	2,000
					0	Office Supplies	1,709
					0	Telephone	4,500
					0	Audit	2,475
					0	Training dues , Misc computer	7,274
					0	Total Administrative Expenses	471,040
					0	Operating Expenses	
					0	Utilities (owner paid)	34,678
					0	Trash Removal	1,236
					0	Fire & Liability Insurance	13,312
					0	Food, PCP supplies, & activities	44,607
					0	Total Operating Expenses	93,833
	Total units	24	Total Rent Income		696,288	Maintenance	
	Total sq ft	7,680				Maintenance	9,164
			Parking Income		0	Repairs	6,928
			Laundry Income		0	Grounds (inc. snow removal)	4,244
			Other Income		37,051	Exterminating, security,	2,509
			Total Income		733,339	Total Maintenance	22,845
	Vac. Rate	12%	Less Vacancy		-88,001	Real Estate Taxes	
			Effective Gross Income		645,338	Operating Reserve	
						Replacement Reserve	4,042
			DEBT SERVICE			TOTAL ANNUAL EXPENSES	591,760
			1st Mortgage		(47,604)	NET OPERATING INCOME	53,578
			2nd Mortgage		0	P.U.P.A. Expenses *	24,657
			3rd Mortgage		0		
			TOTAL DEBT SERVICE		(47,604)		
	BEP	91.82%	Poss D/S @ 1.1 DCR		48,708		
			Project Debt Coverage Ratio		1.126		

5.24%

67.65%

unit avg.= 0

unit avg.= 168

* P.U.P.A = Per Unit Per Annum Expenses

BEP = Break Even Point

Project Debt Coverage Ratio

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

*NOTE: Rental rates include meals and personal care services for residents thus the very high PUPA